



# NEWS

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## FEDEKAL-STATE JOINT BOARD STAFF RELEASES MONITORING REPORT

### *Comprehensive Report Tracks Trends Related to Universal Service*

Washington, D.C. – The staff of the Federal-State Joint Board on universal service has released its most recent Monitoring Report on Universal Service. This report reflects information on the telephone industry filed with the Federal Communications Commission (FCC) through April 30, 2002.

The report released today addresses the various universal service support mechanisms, which amounted to about \$5 billion in 2001. The report presents current data in eleven categories:

- 1) **Industry revenues and contributions** – Total industry revenues for telecommunications services provided to end users in 2001 were about \$234 billion, compared to about \$229 billion in 2000. Revenues for fixed local service providers remained virtually the same at \$91 billion, while for wireless service providers they increased from \$57 to \$68 billion, and for toll service providers they decreased from \$81 to \$75 billion. 56.7% of the support mechanism disbursements in 2001 were for high-cost support, 30.6% were for schools and libraries support, 12.6% were for low-income support, and 0.1% were for rural health care support.
- 2) **Low-income support** – Total low-income support increased from about \$519 million in 2000 to about \$584 million in 2001.
- 3) **High-cost support** – In 2001, total high-cost support amounted to over \$2.6 billion, an increase from nearly \$2.3 billion in 2000. This increase is primarily due to the implementation of the new interstate access support mechanism, which began in July 2000.
- 4) **Schools and libraries support** – Schools and libraries are making substantial use of their available support, with commitments as of February 2002 totaling about \$1.8 billion for the fourth year of the program (July 2001 - June 2002).
- 5) **Rural health care support** – The demand for rural health care support has remained at a modest level, with commitments of less than \$11 million for the third year of the program (July 2000 - June 2001).
- 6) **Subscribership and penetration** – The percentage of households subscribing to telephone service reached an all-time high average of 94.9% in 2001.

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- 7) **Rates and price indices** – The price index of overall telephone rates increased 1.3% in 2001 (compared to the general rate of inflation of 2.0% for all goods and services).
- 8) **Network usage and growth** – Total telephone usage grew steadily through 2000. In 2000 there were nearly 5 trillion minutes of use, an increase of 13% from the previous year. Local calls grew by 16% in 2000, compared to a 5% increase in toll calls (both intrastate and interstate).
- 9) **Quality of service** – The data show noticeable differences in the quality of service among carriers. For example, complaints per million residential access lines in 2001 varied from 31 for SBC Pacific Telesis to 587 for SBC Ameritech.
- 10) **Infrastructure** – The most rapid growth of infrastructure has been for fiber digital carrier terminations (working channels grew from over 42 million in 2000 to nearly 74 million in 2001).
- 11) **Revenues, expenses and investment** – For the larger local exchange carriers in 2001, 39% of net income was interstate, 30% of revenues was interstate, and 27% of expenses was interstate.

A monitoring program was established in the mid-1980's, at the recommendation of the Separations Joint Board, to track trends related to universal service and related matters. Since then, Joint Board staffs have prepared Monitoring Reports at least once a year -- a compendium of hundreds of pages of statistical data on subscribership and penetration, loop costs, separations factors, universal service fund payments, etc. The report is unique in that it is the only document that includes information on every incumbent local telephone company in the nation. In 1998 the publication of this report was moved from the Separations Joint Board staff to the Universal Service Joint Board staff. This is the sixth Monitoring Report from the Universal Service Joint Board staff.

The full text of this document is available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC 20554. This document may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail at <[qualexint@aol.com](mailto:qualexint@aol.com)>. The report may also be downloaded from the **FCC-State Link** Internet site, which can be reached at <[www.fcc.gov/wcb/iatd/stats.html](http://www.fcc.gov/wcb/iatd/stats.html)>. It is available in both page image (.pdf) format and in a compressed (.zip) format, which, when unzipped yields text and spreadsheet files.

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